

SCHEDULE NOL
Form 720S, 725 or 765

41A725NOL (10-06)
Commonwealth of Kentucky
DEPARTMENT OF REVENUE

NET OPERATING LOSS
SCHEDULE

KRS 141.011, KRS 141.200(11)
Regulation 103 KAR 16:250

Taxable Year Ending

____/____
Mo. Yr.

☐ If irrevocable election is made to carry NOL carryforward as an apportioned NOL, check here.

PART I—MANDATORY NEXUS CONSOLIDATION

Section A—Current Net Operating Loss Adjustment		Includible Corporations		
		A	B	C
Name	Kentucky Corporation Account Number	Kentucky Net Income	Kentucky Net Losses (Enter as a Positive)	Total Losses (Enter as a Positive)
1. Common Parent				
2. Subsidiaries				
3. Totals (add Columns A and B)	3			
4. Limitation (line 3, Column A, multiplied by 50%)	4			
5. Prior year NOL carryforward	5			
6. Total (add line 5, Column C and line 3, Column B)	6			
7. Disallowed loss. If Line 3, Column B is greater than Line 4, Column A, enter the difference here and on applicable form (see instructions). If amount entered, skip to Section B, line 1 (see instructions)	7			
8. Additional NOLD. Enter amount here and on applicable form as a negative amount (see instructions)	8			

Section B—NOL Carryforward

1. Current year disallowed carryforward from Part I, Section A, line 7	1	
2. If no entry on line 3, Column A, enter amount from line 3, Column B	2	
3. Enter the amount from line 1 or line 2	3	
4. Enter the amount on line 3 multiplied by the total of the individual shareholders', partners' or members' proportionate share	4	
5. Enter the following: (1) if the AMC tax is greater than the regular income tax (see instructions); or (2) if the regular income tax is greater than the AMC tax, enter zero	5	
6. Enter the amount on line 5, Column C, less the amount on line 8, Column A	6	
7. Enter the NOL carryforward (add lines 3, 5 and 6 less line 4)	7	

PART II—SINGLE ENTITY FILERS

Section A—Kentucky NOL Carryforward

1. Carryforward from prior year(s) (see instructions)	1	
2. Enter NOLD from Form 765, Part I, line 26 (see instructions)	2	
3. Enter current year NOL from Form 765, Part I, line 29 (see instructions)	3	
4. Enter the amount on line 3 multiplied by the total of the individual partners' proportionate share	4	
5. Enter the following: (1) if the AMC tax is greater than the regular income tax (see instructions); or (2) if the regular income tax is greater than the AMC tax, enter zero	5	
6. Enter the Kentucky NOL carryforward (add lines 1, 3 and 5 less lines 2 and 4)	6	

Purpose of This Schedule—This schedule must be completed and submitted with the income tax return (Form 720S, 725 or 765 filers) when a corporation has a current year net operating loss or a net operating loss carryforward. A single member individual filing a composite return Schedule CP (Form 725) will need to attach a Schedule NOL (Form 720S, 725 or 765) for each nexus consolidated return included in the composite return.

PART I of this form must be completed and submitted with a nexus consolidated return if the parent or an includible subsidiary has a current year net operating loss or a nexus consolidated net operating loss carryforward. An S corporation is an includible corporation for years beginning on or after January 1, 2006, and may have a net operating loss carryforward from a C corporation or a limited liability pass-through entity that it owns 80 percent or more. KRS 141.200(11)(b) provides that includible corporations that have incurred a net operating loss shall not deduct an amount that exceeds, in aggregate, 50 percent of the income realized by the remaining includible corporations that did not realize a net operating loss. The portion on any net operating loss limited by the application subsection shall be available for carryforward in accordance with the provisions of KRS 141.011.

PART II of this form must be completed by a single corporation filing a separate return and having a current year net operating loss or a net operating loss carryforward. This part will not apply to an S corporation (Form 720S) or a Kentucky Single Member LLC Individually Owned Corporation Income Tax Return (Form 725) as KRS 141.011(4) provides that the net operating loss carryforward deduction of a corporation shall be reduced by the amount of distributive share income, loss and deduction distributed to an individual or general partnership.

LINE-BY-LINE INSTRUCTIONS

PART I—MANDATORY NEXUS CONSOLIDATION

Section A—Current Net Operating Loss Adjustment

Line 1—Enter the name and Kentucky Corporation Account Number of the parent corporation filing the return. In Column A, enter the total net income of the parent corporation or enter in Column B the total net loss of the parent corporation. The net loss must be entered as a positive number.

Line 2—Enter the name and Kentucky Corporation Account Number of each includible subsidiary corporation included in the consolidated tax return. In Column A, enter the total net income or enter in Column B the total net loss of each subsidiary included in the consolidated return. A net loss must be entered as a positive number.

Line 3—Enter the total of Column A and Column B.

Line 4—Enter the amount of Column A, Line 3 multiplied by 50 percent.

Line 5—Enter in Column C the total 2005 net operating loss (NOL) carryforward as a positive amount from the 2005 Schedule NOL (Form 725 or 765), Part I, Section B, Line 5; or if this is the first nexus consolidated return being filed or if the entities in the nexus consolidated return have changed, attach a schedule showing the computation of the NOL carryforward to be entered on this line.

Line 6—Enter the total of the amounts on Column B, Line 3 and Column C, Line 5.

Line 7—Enter the following: if the amount on Column B, Line 3 is greater than the amount on Column A, Line 4, enter difference here and on applicable form (Form 720S, Part I,

Line 23; Form 725 or Schedule CP, Part I, Line 11; or Form 765, Part I, Line 23). Otherwise, leave blank. If an amount is entered on this line skip to Section B.

Line 8—Enter the following: if the amount on Column B, Line 3 is less than the amount on Column A, Line 4, enter the amount on Column C, Line 5, but not more than the amount on Column A, Line 4 less the amount on Column B, Line 3. Also, enter this amount on applicable form (Form 720S, Part I, Line 23; Form 725 or Schedule CP, Part I, Line 11; or Form 765, Part I, Line 23) as a negative number. Otherwise, leave blank.

Section B—NOL Carryforward

Line 1—Enter the amount from Section A, Column A, Line 7.

Line 2—If there is no entry on Column A, Line 3, enter the amount from Column B, Line 3.

Line 3—Enter the amount of Line 1 or Line 2.

Line 4—Enter the amount on Line 3 multiplied by the total of the individual shareholders', partners', or members' proportionate share.

Line 5—Enter the following: (1) if the AMC tax is greater than the regular income tax, calculate the tax equivalent income amount and subtract it from the net income on the applicable form and enter the amount on this line, but not more than the net operating loss deduction on applicable form (Form 720S, Part I, Line 22, but not more than the net operating loss deduction on Line 23; Form 725 or Schedule CP, Part I, Line 10, but not more than the net operating loss deduction on Line 11; or Form 765, Part I, Line 22, but not more than the net operating loss deduction on Line 23); or (2) if the regular income tax is greater than the AMC tax, enter zero.

Line 6—Enter the amount from Part I, Column C, Line 5 less the amount of Part I, Column A, Line 8.

Line 7—Enter the total of Lines 3, 5 and 6 less Line 4.

PART II—SINGLE ENTITY FILERS

Section A—Kentucky NOL Carryforward

Line 1—Enter the Kentucky net operating loss (NOL) carryforward from the 2005 Schedule NOL (Form 725 or 765) Part II, Section A, Line 5; or if a nexus consolidated return was filed the previous year but a single entity return is being filed this year attach a schedule showing by year, the computation of the single entity's NOL carryforward amount to be entered on Line 1.

Line 2—Enter net operating loss deduction (NOLD), if any, from Form 765, Part I, Line 26.

Line 3—Enter net operating loss (current year), if any, from Form 765, Part I, Line 29.

Line 4—Enter the total of Line 3 multiplied by the total of the nonindividual partners' proportionate share of the net operating loss.

Line 5—Enter the following: (1) if the AMC tax is greater than the regular income tax, calculate the tax equivalent income amount and subtract it from the net income (Form 765, Part I, Line 25), but not more than the net operating loss deduction on (Form 765, Part I, Line 26); or (2) if the regular income tax is greater than the AMC tax enter zero.

Line 6—Enter the total of Lines 1, 3 and 5 less Lines 2 and 4.